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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/677,883	10/02/2003	David F. Nielson	1714906	9693
24240 7590 09/20/2007 CHAPMAN AND CUTLER 111 WEST MONROE STREET CHICAGO, IL 60603			EXAMINER TROTTER, SCOTT S	
			ART UNIT 3694	PAPER NUMBER
			MAIL DATE 09/20/2007	DELIVERY MODE PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

# Office Action Summary

Application No.

10/677,883

Applicant(s)

NIELSON ET AL.

Examiner

Scott S. Trotter

Art Unit

3694

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 02 October 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-8 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-8 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

**DETAILED ACTION**

1. This action is in response to the action received October 2, 2003.

***Specification***

2. The abstract of the disclosure is objected to because it is over 150 words.

Correction is required. See MPEP § 608.01(b).

***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-8 are rejected under 35 U.S.C. 103(a) as being unpatentable over admitted prior art in view of Official Notice.

As per claim 1 the admitted prior art teaches:

A method for a loan-making entity to provide payday advance loans to selected, qualified individuals, the method comprising the steps:  
forming a first contract between the entity and an employer of said individuals for a system of payday advance loans from the entity as a benefit for such individual employees thereof; (Contracts between an outside service provider and an employer to provide services to employees are old and well known in the art of employee benefits with an example being 401k providers.)

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forming a second contract between the entity and each of said individuals who may desire and qualify for a payday advance loan either presently or in the future; (Lines of credit are also old and well known in the art of making loans.)

taking said qualified individuals' applications from time to time to the entity for payday advance loans and disbursing funds from the entity to each of said qualified individuals; (See the Background Art paragraph 0002. An employee's plea is a qualified individual (an employee) applying for a loan when a loan is made the funds are disbursed.)

advising the employer of each said loan, on or in advance of a payday for the borrowing individual, of the amount of the loan and fees agreed for processing and making the loan; (See the Background Art paragraph 0002. The employer which in the background is the loan issuer must track what loans were made and to who.)

facilitating the employer's deducting the amount of the loan and fees from the net amount of the paycheck of each individual and paying the balance to the individual on said payday; (See the Background Art paragraph 0002. Recouping the loan at the next payday.) and

facilitating the employer's paying the amount of said loans and fees of the participating individual to the entity upon said payday. (It is old and well known in the art of having payroll to make deductions from an individual's paycheck to send directly to a third party entitled to payment. Obvious examples of such an arrangement are garnishments or tax withholding.)

Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to outsource the issuance of cash advances similarly to outsourcing payroll using old and well known tools to accomplish the outsourcing.

As per claim 2 the admitted prior art and Official Notice teach:

The method of claim 1 wherein when a plurality of loans are outstanding to more than one individual employee of the employer and repayable on a given payday, arranging to aggregate the loans and fees payable to the entity from the employer's paycheck deductions and to pay the aggregate to the entity on said payday. (It is old and well known in the art of payroll deductions to combine the payments going to a single payee and send them as a single payment with an obvious example being employer's withholding taxes, which are aggregated together.)

Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to send a single payment that combined all of the payments withheld from a group of employees the same as tax withholding payments.

As per claim 3 the admitted prior art and Official Notice teach:

The method of claim 1 further comprising the step of having each individual endorse a paper check for the loan amount which bears a legend above the endorsement signature line that comprises a further contract for repayment of the loan and fees for the loan on the next payday and also a payroll deduction authorization. (It is old and well known in the art of payday loans to require a signed check for the loan amount. It is also old and well known in the art of payday loans to require the signing of a promissory note, which is a contract for repayment of the loan and fees with the

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payday being an obvious choice for a due date. It is also old and well known in the art of payroll processing to have payroll deduction authorizations for instance for insurance payments.)

Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to combine known elements with a high probability of success.

As per claim 4 the admitted prior art and Official Notice teach:

The method of claim 1 wherein the first and the second contracts provide that if payable funds on the individual's next paycheck are insufficient to repay the loan and fees in full to the entity then at least a portion of the payable funds are paid to the entity and a new loan is created for the shortfall, payable with a further fee upon the next payday. (It is old and well known in the art of payday lending to take out a new loan when the first loan cannot be repaid in full when it comes due.)

Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to combine known elements with a high probability of success.

As per claim 5 the admitted prior art and Official Notice teach:

The method of claim 4 wherein the first contract provides that if an individual's employment relation with the employer is terminated before repayment of all loans and fees to the entity from net paychecks due, the entity accepts the loss subject to collection efforts by the entity against the individual, without liability of the employer. (Official Notice is taken that it is old and well known in the art of lending for customer

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providing organizations to have no liability for their customers defaults an example are credit cards issued with university logos. While the Universities get a cut of the business they are not responsible for defaults.)

Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to combine known elements with a high probability of success.

As per claim 6 the admitted prior art and Official Notice teach:

The method of claim 1 wherein the payday advance loan monies are provided in cash by the entity to the individual in person. (It is old and well known in the art of payday lending to provide the loan in cash to the individual in person.)

Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to combine known elements with a high probability of success.

As per claim 7 the admitted prior art and Official Notice teach:

The method of claim 1 wherein at least the arranging, advising, and facilitating steps are conducted over a global information computer network. (It is old and well known in the art of payroll outsourcing to conduct such steps as electronically transferring funds, and producing online reports.)

Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to combine known elements with a high probability of success.

As per claim 8 the admitted prior art and Official Notice teach:

A system for administering, paying, and repaying payday advance loans, the system comprising:

a first contract between an employer and a money-lending entity, the contract providing for making payday advance loans to employees of the employer at minimal cost and risk to the employer and repayment of the loans and fees therefore by the employer from net earnings of each of the employees taking said loans; (Contracts between an outside service provider and an employer to provide services to employees are old and well known in the art of employee benefits with an example being 401k providers.)

a second contract between an employee of the employer and the entity, the second contract providing for the making of payday advance loans to the employee from the entity and authorizing payroll deductions for repaying the loan and paying the fees therefore and for rolling over any unpaid amounts into a new loan on each payday; (Lines of credit are also old and well known in the art of making loans. It is also old and well known in the art of payroll processing to have payroll deduction authorizations for instance for insurance payments. It is old and well known in the art of payday lending to take out a new loan when the first loan cannot be repaid in full when it comes due.)

a payday advance request or application form; (It is old and well known in the art of payday loans to require a signed check for the loan amount. It is also old and well known in the art of payday loans to require the signing of a promissory note, which is a contract for repayment of the loan and fees with the payday being an obvious choice for a due date.)



a payday advance loan approval processor and loan disbursement system operated by the entity in cooperation with the employer; (*See the Background Art paragraph 0002.* An employee's plea is a qualified individual (an employee) applying for a loan with the employer acting as the loan approval processor.)

a payday advance loan and fee accounting aggregator system operated by the entity in cooperation with the employer for tracking loans, net pay, and payment of loans and fees from the net pay; (It is old and well known in the art of payroll deductions to combine the payments going to a single payee and send them as a single payment with an obvious example being employer's withholding taxes, which are aggregated together.) and

a loan repayment system for transferring funds on said payday to the entity in the amount of the loans and fees being paid and for accounting for said transfers to the entity, to each of the employees, and to the employer. (*See the Background Art paragraph 0002.* Recouping the loan at the next payday. It is old and well known in the art of having payroll to make deductions from an individual's paycheck to send directly to a third party entitled to payment. Obvious examples of such an arrangement are garnishments or tax withholding.)

Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to outsource the issuance of cash advances similarly to outsourcing payroll using old and well known tools to accomplish the outsourcing.

**Conclusion**

5. The prior art made of record and not relied upon is considered pertinent to Applicant's disclosure:

- Lisa Singhania in the Providence Journal teaches that employers sign contracts between themselves and companies that offer accounts to their employees.
- Barron's Dictionary of Business Terms 3<sup>rd</sup> Edition teaches that a line of credit is an "agreement whereby a financial institution promises to lend up to a certain amount without the need to file another application. The borrower is expected to reduce the debt after having reached the full amount of credit."
- IRS Tax form 941 and the Instructions for the same form teach sending in a single form with a deposit for a company, which can employ multiple people requiring the aggregation of their withholding.
- Paymaxx's Power Payroll teaches an Internet based payroll and tax filing system. That includes handling Garnishments and Tax filings. They also teach transferring funds (direct deposit), and producing online reports.
- The Charleston Gazette teaches a payday lender requiring a signed check, and requiring loan applicants to sign promissory notes.
- PR Newswire teaches deducting insurance premiums from employee paychecks and then sending the payments to the insurer.
- Los Angeles Times teaches payday lenders making a new loan when a loan cannot be repaid in full. In addition they teach the loan being made in cash.

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- Tara Tuckwiller in Knight Ridder Tribune Business News teaches that West Virginia University is paid a royalty for cards used by its alumni that were marketed to it through the school.

6. Examiner's Note: The Examiner has cited particular columns and line numbers in the references as applied to the claims for the convenience of the applicant.

Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested from the applicant, in preparing the responses, to fully consider the references in entirety as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the examiner.

7. Any inquiry concerning this communication from the examiner should be directed to Scott S. Trotter, whose telephone number is 571-272-7366. The examiner can normally be reached on 8:30 AM – 5:00 PM, M-F.

8. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell, can be reached on 571-272-6712.


9. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

10. The fax phone number for the organization where this application or proceeding is assigned are as follows:

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(571) 273-8300 (Official Communications; including After Final  
Communications labeled "BOX AF")  
(571) 273-6705 (Draft Communications)

Scott Trotter  
9/13/2007

  
ELLA COLBERT  
PRIMARY EXAMINER